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cc: Lynn

**WILSHIRE CONSULTING GROUP, LLC  
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Daron Haddock  
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April 12, 2007

REFERENCE: Notice of Violation No. MC-07-01-03

Daron and Lynn,

I am in receipt of the above referenced NOI issued to an Operator: James B. Mascaro and Sons, LLC on April 10, 2007 and related to the Barney Mine located in Utah County, Utah.

This official notice was based on two specific items: (1) a phoned in complaint by a local operator and (2) an initial determination, based on the complaint that the Operator was "operating outside of the permitted mining area".

This letter is intended to address both items 1 and 2 above, as well as, establish a much broader discussion, from a landowner's point of view, of the overall "post mining use" and the related "reclamation plan" for the total 40 Acre property owned by Wilshire Consulting Group, LLC.

I will address item #2, that the Operator was operating outside the permitted mining area. This is simply incorrect. The activities reported by the complainant were nothing more than some of the Operator's personnel, acting outside the permitted area and as a "lessee" completing some simple clean up of the area at the request of the Landlord.

In the past, there have been a couple dozen 1 foot to 18 inch diameter rocks strewn about the flat lower portion of the 40 Acre site. These rocks presented a hazard upon an otherwise flat and easily traversed area on which one could drive his SUV or other similar vehicles. I asked my Lessee to clean up these stray hazards when he had the chance. The Lessee did use a large front end loader to accomplish this task, being that it was the only tool available other than doing the work by hand. Such scrapping was incidental to the effort and of no consequence to my property. This limited and specific effort in no way could or should be defined as "mining".



Additionally, for the last several weeks the Operator/Lessee has successfully established and operated a small screening operation on my property. This screening function is not a part of the Operator's Mining Operation. This screening function is directly related to preparation efforts for the reclamation process to follow completed mining operations. This landowner has placed additional burdens on his Lessee, your Operator, to allow for a very successful and useful reclamation program in high-value post-mining environment.


As a landowner, Wilshire Consulting has very specific post-mining uses in mind for this property. Towards that end, Wilshire has required the Operator/Lessee to conduct their mining operations and reclamation plan to accentuate and add value to this post-mining use. I believe these requirements: (a) exceed established DOGM standards and (b) require the co-habitation of such screening operations, etc. that other land owners or DOGM do not require or often encounter.

Such thoughtful and purposeful preparations for a high-value post-mining uses should not be panelized nor be defined as "mining operations" simply because of their vicinity to a permitted mining operation. Fundamental to appreciating our post-mining uses and its related thoughtful reclamation plan is to understand the real value of this property is not in its current "mining use" as with most mining properties, but with the well planned future use after mining.

To enhance this most-mining use and leverage the increased value in the fact that our property has more elevation thus better views that the flatter lots adjacent to us, we intend to conduct mining operations that create the possibility for the future creation of flat building pads with spectacular views throughout our 40 Acre property.

Our "reclamation plan" is designed so that it enables and enhances this post-mining use strategy. We believe we have done this. This simple screening operation is not designed to produce commercial varieties of product rather to simply separate 6" + rocks from 2" rocks and "fines". This 6" rock topped with 2" rock will serve to provide an "erosion resistant" topping to our "crude pads" and "roads" that will remain after mining. The "fines" will be used to "reclaim and re-vegetate" those areas not needed for our "pads" or roads to be used post-mining.

In summary, the two major items that led to the issuing of the referenced NOI were wrongly defined as "mining operations outside the permitted area". Also, this NOI has caused grave concerns for the Operator, my current Lessee. The potential business impact of such actions by DOGM has caused a strong negative impact on Jim Mascaro and his small family business. Mr. Mascaro is strongly considering leaving the rock "supply" business and returning to his simpler rock "hauling" business. This is after Mascaro, the Operator, has made considerable investment in this property. Further, the loss of this Lessee and the expected revenues projected for the next 10 - 15 years would adversely affect Wilshire Consulting also. This incident did not need to happen. It is likely that had Jim Mascaro personally been at the site during the inspection, much of this confusion could have been avoided.



However, after several detailed conversations with members of the DOGM staff, I have come to better understand and appreciate the reasons for this mistaken identification. I also understand how our innovative post-mining use and related reclamation plan may remain less than clear to DOGM regulators.

Towards that end, I would consider working with your office and my Lessee to begin good faith efforts to within the next 6 months to prepare and submit an application for a much more detailed and encompassing permit called a "Large Mining Permit".

The benefits of this approach would be to allow DOGM to assure itself that the totality of the "activity" on our property is "permitted".

The down side of this good faith effort is that the bonding requirements of the "Large Mining Permit" could possibly far exceed our current bonding requirements for our existing "Small Mining Permit".

To secure the agreement of our Operator to complete and convert to the Large Mining Permit, the new bonding requirements must be "affordable" to the Operator which is only a small company. Toward that end, we must come to some reasonable appreciation of all of the investment the Operator and Landowner are making in the reclamation effort as an "ongoing effort" basis and we will work with Beth Erickson to find alternatives to simply putting large lumps of cash up for whatever bond amount may be determined and agreed to.

In closing, to move forward on this matter, first we will need your office to confirm, that the referenced NOI is not only rescinded but for your office to confirm – given the facts, this NOI never should have been issued.

I look forward to a mutually agreeable resolution to each of our concerns in this matter.

Sincerely,



A. Vern Tharp, Jr.  
Manager

cc: James Mascaro, Operator